

Technical Note
Gross Domestic Product
Second Quarter of 2004 (Final)
September 29, 2004

This technical note provides background information about the source data and estimating methods used to produce the estimates presented in the GDP news release. The complete set of estimates for the second quarter is available on BEA's Web site <www.bea.gov>; a brief summary of "highlights" is also posted on the Web site. In a few weeks, the estimates will be published in BEA's monthly journal, the *Survey of Current Business*, along with a more detailed analysis of the estimates ("The Business Situation").

Sources of Revisions

Real GDP growth in the second quarter was revised from 2.8 percent to 3.3 percent. The upward revision to GDP growth reflected a downward revision to imports and upward revisions to private inventory investment and to exports.

- C Imports, which are subtracted in the calculation of GDP, were revised down, mainly on the basis of newly available data on services for the first and second quarters from BEA's international transactions accounts.
- C Inventory investment was revised up, primarily for retail trade and for manufacturing. The upward revision to retail trade was more than accounted for by motor vehicle dealers and reflected newly available data on used vehicle inventories for June from a trade source. The upward revision to manufacturing mainly reflected revised Census book value data for June.
- C Exports of both goods and services were revised up, reflecting revised Census data on goods for June, and first- and second-quarter data on services from BEA's international transactions accounts.

The price index for gross domestic purchases increased 3.5 percent in the second quarter, the same as in the preliminary estimate.

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Table 1. Price Index for Market-Based Personal Consumption Expenditures

	Market-based PCE		Market-based PCE less food and energy	
	Index [2000=100]	Percent change	Index [2000=100]	Percent change
2001	101.941	1.9	101.668	1.7
2002	103.113	1.1	103.185	1.5
2003	105.040	1.9	104.388	1.2
[Seasonally adjusted at annual rates]				
2001:I	101.479	2.8	101.072	2.1
2001:II	102.003	2.1	101.408	1.3
2001:III	102.205	0.8	101.890	1.9
2001:IV	102.079	-0.5	102.304	1.6
2002:I	102.242	0.6	102.560	1.0
2002:II	102.966	2.9	103.011	1.8
2002:III	103.424	1.8	103.449	1.7
2002:IV	103.820	1.5	103.722	1.1
2003:I	104.601	3.0	103.952	0.9
2003:II	104.768	0.6	104.238	1.1
2003:III	105.294	2.0	104.572	1.3
2003:IV	105.496	0.8	104.790	0.8
2004:I	106.334	3.2	105.261	1.8
2004:II	107.292	3.7	105.798	2.1

NOTE. -- The price index for "market-based" personal consumption expenditures (PCE) is a supplemental measure prepared by the Bureau of Economic Analysis that is based on household expenditures for which there are observable price measures. It excludes most implicit prices (for example, the services furnished without payment by financial intermediaries) and the expenses of nonprofit institutions. More information is available on BEA's Web site at <http://www.bea.gov/bea/faq/national/FAQ.htm>.